

## **Idaho Public Utilities Commission**

Case No. PAC-E-13-02

September 30, 2013

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Website: [www.puc.idaho.gov](http://www.puc.idaho.gov)

### **Parties propose settlement to depreciation case**

A proposed settlement to a case that establishes PacifiCorp's depreciation rate reduces the amount that would be owed from Idaho customers by nearly 50 percent.

The Idaho Public Utilities Commission is taking comment on the proposed settlement through October 9. Adoption of the settlement does not immediately impact rates, but the amount allocated to Idaho customers of PacifiCorp would likely be included whenever the utility next adjusts base rates, not anticipated until Jan. 1, 2016 at the earliest.

The commission staff, PacifiCorp, Monsanto and the PacifiCorp Idaho Industrial Customers participated in settlement discussions. PacifiCorp operates as Rocky Mountain Power in eastern Idaho, Wyoming and Utah.

The original application proposed increasing the depreciation rate from the current 2.54 percent to 3.24 percent effective Jan. 1, 2014. About two-thirds of that is attributable to the early retirement and estimated removal cost of the 172-megawatt Carbon coal plant near Helper, Utah. Another contributing factor is capital additions to the company's steam generation facilities. In dollar amounts, the original proposed increase for the Idaho jurisdiction was \$8.9 million (\$160.8 million in all of PacifiCorp's six states).

After settlement discussions, Idaho's proportion is proposed to be \$4.5 million and the total six-state proposed increase proposed is about \$88 million. The original proposed depreciation rate of 3.24 percent is proposed to be reduced to 2.93 percent.

Depreciation is a system of accounting that spreads the cost or value of a company's tangible assets (less salvage) over their useful life. Electric utilities are capital intensive, requiring major investments in generation, transmission and distribution plant. If depreciation rates are set at an unreasonably high or low level, the utility does not recover its operating expenses, shifting either the costs or the benefits from current customers to future customers.

Comments are accepted through Oct. 9 via e-mail by accessing the commission's homepage at [www.puc.idaho.gov](http://www.puc.idaho.gov) and clicking on "Case Comment or Question Form," under the "Consumers" heading. Fill in the case number (PAC-E-13-02) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.